# Mortgage Redlining in Metropolitan Atlanta

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# CHAPTER I

## INTRODUCTION

Institutional racism in housing markets has a long standing history in this country. In 1938 the Federal Housing Administration (FHA) wrote in its Underwriting Manual:

> Areas surrounding a location are investigated to determine whether incompatible racial and social groups are present, for the purpose of making a prediction regarding the probability of the location being invaded by such groups. If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally contributes to instability and a decline in values (Berry, 1979, p. 9).

The views expressed in this manual were based on the conclusions of some of the leading real estate analysts of the time. For example, in 1933 Homer Hoyt wrote:

> If the entrance of a colored family into a white neighborhood causes a general exodus of the white people it is reflected in property values. Except in the case of Negroes and Mexicans, however, these racial and national barriers disappear when individuals in the foreign nationality groups rise in the economic scale or conformto the American standards of living (Berry, 1979, p. 9).

and later:

> While the ranking below may be scientifically wrong from the standpoint of inherent racial characteristics, it registers an opinion or prejudice that is reflected in land values; it is the ranking of races and nationalities with

> respect to their beneficial effect upon land values. Those having the most favorable effect come first in the list and those exerting the most detrimental effect appear last: 1. English, Germans, Scotch, Irish, Scandinavians. 2. North Italians. 3. Bohemians or Czechoslovakians. 4. Poles. 5. Lithuanians. 6. Greeks. 7. Russian Jews of the lower class. 8. South Italians. 9. Negroes. 10. Mexicans (Berry, 1979, p. 408).

Writings of this type have had long lasting effects on the mortgage market. In many instances mortgage lending policy has become based on geographic location or factors other than the credit worthiness of the applicant. This type of lending policy, commonly referred to as "redlining", is very detrimental to the neighborhood that is excluded. Without mortgage money, homes become unaffordable for purchase and rehabilitation. Not only do individuals of a certain race and class suffer within redlined neighborhoods, but eventually the absence of such funds leads to the blight and decline of the entire neighborhood (Meyerson, 1986, p. 196). Redlining also violates federal law (Federal Fair Housing Act, 42 U.S.C. Sec. 3601-3619, 3631, 1976)(Squires and Velez, 1987, p. 65). This research examines mortgage lending patterns in the Atlanta Metropolitan Statistical Area. It concludes that, despite laws to the contrary, it is more difficult for potential homeowners in predominantly black neighborhoods to obtain mortgages from depository financial institutions, than it is for their white counterparts to obtain mortgages from these same institutions.

## Federal Efforts to Eliminate Redlining

The Home Mortgage Disclosure Act of 1975 (HMDA) and the Community Reinvestment Act of 1977 (CRA) are two Congressional attempts to eliminate the practice of redlining. Redlining is strongly related to neighborhood decay; without credit, residents cannot buy or finance repairs for their homes, and businesses cannot expand or modernize. The stated purpose of the HMDA is to

> ... provide the citizens and public officials of the United States with sufficient information to enable them to determine whether depository institutions are fulfilling their obligations to serve the housing needs of the communities and neighborhoods in which they are located" ( P.L. 94-200, Sect. 302(b)).

The Act requires all federally chartered or insured banks, savings and loans, and credit unions located in metropolitan areas with assets of $10 million or more to disclose publicly the geographic location of home mortgage and home improvement loans ( P.L. 94-200, Sect. 302(b)).

HMDA was enacted in response to the active support of community groups and other local citizens' organizations. HMDA statements supplied by regulated lending institutions show, by census tract, the number and amount of all home mortgage and home improvement loans made by a given institution during the calendar year in the metropolitan area in which they operate (Center for Community Change, 1983, p. 3). Initially, HMDA data was reported on the basis of postal zip codes, which at the time were very difficult to compare with socio-economic data, which is reported most extensively on a census tract basis. Subsequent changes in the law now require that the data be reported on a census tract basis, making it possible to evaluate racial and economic characteristics of the areas in which the reporting institution is making loans. HMDA statements have some limitations. They do not state the number of whites and blacks that have applied for loans, nor do they give any reasons for denial of credit. HMDA statements do not include every home loan in a metro area because not all lenders are required by law to report their loans. Nonetheless, these statements have proven to be a very valuable tool for promoting, monitoring, and facilitating neighborhood reinvestment.

The Community Reinvestment Act takes HMDA a step further. The CRA is a reaffirmation of the concept that banks are granted federal and state charters to help meet the deposit and credit needs

of the local communities in which they operate or are located, including the needs of low- and moderate-income neighborhoods. The rationale behind this obligation lies in the fact that banks have some special privileges, including a charter to do business, deposit insurance, and accessibility to special borrowing privileges at the Federal Reserve Discount Window and the Federal Home Loan Bank Board (A Citizens Guide, 1983, p. 1).

The CRA sets the guidelines for determining a lending institution's attempts to meet the needs of its community. For example, the institution must make an active effort to ascertain the community's credit needs. There should be no practices by the lender that could discourage application for credit, such as only offering loan applications at branches in wealthier neighborhoods. The geographic distribution of the lender's loans should not fail to serve certain lower income or minority neighborhoods. Loans and special credit-related programs should be marketed within the community. The institution should be active in community development projects such as Community Development Corporations and local neighborhood preservation efforts. The lender's record of opening and closing offices should not demonstrate an exodus from lower income or minority neighborhoods (Federal Financial Institutions Examination Council [FIEC] 1985, p. 3).

If an institution fails to live up to its CRA obligations, the action that is taken depends on which agency is responsible for supervising that particular institution. The Board of Governors of the Federal Reserve System (FRB) supervises state-chartered banks that are members of the Federal Reserve System (state member banks). The FRB must consider a state member bank's CRA performance when reviewing a bank's application for establishment of a branch office or other deposit facility; relocation of a branch office; merger,consolidation with, or acquisition of the assets of another bank if the surviving bank is a state member. The FRB must also consider CRA performance whenever an institution is applying for Federal Reserve System membership. If the FRB believes that the member

bank's CRA activities are not what they should be, the application can be denied (FIEC, 1985, p. 4).

The Federal Deposit Insurance Corporation (FDIC) supervises state-chartered banks that are not members of the Federal Reserve System. It also supervises state-chartered savings banks insured by the FDIC, and FDIC-insured state branches of foreign banks. The FDIC must consider an institution's CRA performance when reviewing an institution's application for federal deposit insurance; establishment of a branch office or other deposit facility; merger or consolidation with, or acquisition of the assets of, another financial institution when the resulting bank will be supervised by the FDIC or will be uninsured; relocation of a branch office. Once again, the institution's application can be denied if its CRA performance is not satisfactory (FIEC, 1985, p. 5).

The Federal Home Loan Bank Board (FHLBB) supervises federal savings and loan associations, federal savings banks and, through the Federal Savings and Loan Insurance Corporation (FSLIC), state-chartered savings institutions whose accounts are insured by the FSLIC. The FHLBB must consider CRA performance when reviewing a federal savings institution's application for permission to organize a new federal savings institution or obtain a federal charter; FSLIC deposit insurance; the establishment of a branch office; the relocation of home or branch offices; or merger or consolidation with, or acquisition of the assets and assumptions of the liabilities of another savings institution. The FHLBB is also responsible for enforcing CRA provisions whenever a state chartered institution insured by the FSLIC applies for a consolidation or merger with, or acquisition of the assets and assumptions of the liabilities of another savings institution. The FHLBB also regulates savings and loan holding companies and must consider CRA performance whenever one of these institutions seeks to acquire control of a savings institution insured by the FSLIC (FIEC, 1985, p. 5).

The Office of the Comptroller of the Currency supervises national banks and must evaluate CRA performance whenever such an institution applies for new national bank charters; domestic branch offices and other deposit facilities for existing national banks; conversions from state charter to a national charter; mergers, consolidations, purchase of assets and assumptions of liabilities where the surviving bank is a national bank; insured federal branches of foreign banks; relocation of a national bank office, except the relocation of the head office to an existing branch within the same city (FIEC, 1985, p. 7).

The reason it is important to know which agency is regulating which types of banks and what types of actions are subject to a CRA challenge is that citizens and community based groups have a very important role in the CRA review process. If a citizen or community group has reason to believe that a bank or savings and loan is not meeting its CRA obligation, a letter may be filed in the institution's public comment file. The regulating agency takes the contents of this file into consideration when reviewing an institution's performance. Individuals and groups can also file challenges when a regulated institution is asking its regulator to approve an action covered under the CRA. The challenge, in effect, asks the regulators not to approve the institutions proposed action based on its poor CRA performance. The CRA is a very general statute that gives broad discretion to the people and agencies that administer it. The degree of enforcement at the agency level depends on the attitude of the regulators. Only eight times in 40,000 cases have federal regulators used the CRA to penalize a bank for redlining (B. Dedman, personal communication, April 11, 1988).

# CHAPTER II

# LITERATURE REVIEW

## Early Research

Prior to 1975, studies on lending patterns were very time consuming, and, as a result, often limited to a small geographic area. Every transaction in an area had to be sought out, either via the county title record or through a commercial real estate directory. Those institutions providing financing for each transaction had to be tabulated by hand, a very slow process. These early studies concentrated on individual neighborhoods rather than whole cities, therefore utilizing a very small sample size. In addition, the studies concentrated on neighborhoods that were not typical urban neighborhoods. Instead, the neighborhoods were in very poor condition, often terminal in nature. As a result, those studies showed that racial discrimination in mortgage lending was present in the atypical terminal neighborhood: a very limited finding (Listokin and Casey, 1980, p. 27-28).

Listokin and Casey (1980) identify three main categories into which studies of lending data fall: (1) political-economic, which views mortgage shortfalls as a manifestation of deficiencies in the overall political-economic system; (2) minority housing opportunity, which considers the shortfall to be one result of the overall discriminatory network encountered by minorities; and (3) empirical and eco-race, which attributes the mortgage crunch to the economic and eco-race models of lender behavior (Listokin and Casey, 1980, p. 33).

Political-economic studies are largely influenced by Marxist thought and evaluate the formation of cities, suburban outmigration, and urban problems in terms of the Marxian view of labor, capital, and class exploitation. This group of studies attributes the problem of credit shortfall to the behavior of profit-motivated lenders (Listokin and Casey, 1980, p. 35). Harvey (1973) and O'Connor (1973) are two examples of research of this type.

Minority housing opportunity studies focus on the role discrimination plays in causing minorities to pay more for housing than whites, discrimination's contribution to the relatively low rate of minority homeownership, and whether discrimination forces minorities to live in cities, limiting their access to employment and educational opportunities (Listokin and Casey, 1980, p. 36). Kain and Quigley (1975) showed that, compared to whites, blacks in St. Louis have a lower incidence of homeownership and pay more for housing. Their research concluded that those difference were caused by discriminatory supply restrictions resulting from the actions of realtors and loan officials (Listokin and Casey, 1980, p. 37).

The economic model stresses the lenders' reliance on purely economic criteria when evaluating a loan application. The eco-race models argue that lenders are guided by racial as well as economic policies. (Listokin and Casey, 1980, p. 33). The analysis of mortgage redlining in Atlanta reported here is based on the economic and eco-race approach used by Listokin and Casey (1980) and Shlay (1987). A summary of those studies now follows.

Listokin and Casey

Listokin and Casey (1980) analyzed lending data from a 1973 survey conducted by the FHLBB on lending activity in Chicago, 1971-73, and a 1974 Comptroller of the Currency survey that made public certain data on loans and loan applications in 18 SMSAs processed between June and November 1974. The Chicago study made available

the results of a FHLBB survey of 189 lenders who were asked to complete a complex form showing their lending activity in Chicago. Data from the survey consisted of the zip codes where all loans on 1-4 family dwellings were made by the lenders from June 30,1971 to June 30, 1973, the terms of the mortgage including interest rate and loan-to-value ratio (LVR); and the zip code for all construction and home improvement loans made during the same time period. The response rate for the survey was 80%. The survey did not profile the successful and unsuccessful bidder for credit. Loan activity of mortgage bankers was not included in the survey (p. 57-59).

The Comptroller of the Currency study addressed the social and economic characteristics of loan applicants. Lenders in 18 SMSAs were asked to make public certain information on loans and loan applications made between June and November, 1974. Although the information was collected on a geographic basis, only aggregate data were made public. The most important aspect of this study is the wealth of information on the social and economic characteristics of both the successful and unsuccessful applicants. The data included income of head of household, spouse's income, number of years head of household has been employed, number of years spouse has been employed, assets, total debt, and total debt payments. The property to be mortgaged was also described in terms of purchase price and whether it was to be owner occupied. The size of the loan was also included, permitting the calculation of the LVR. The data was made available for nearly 13,000 loan applications (Listokin and Casey, 1980, p. 58).

Listokin and Casey applied regression analysis on the FHLBB data to determine whether race was an underwriting criterion. Their conclusion was that race explained about 50 percent of the variation in loans after controlling for economic factors such as income, employment history, and home purchase price. Their analysis showed that racial composition of a neighborhood was statistically significantly related to loans granted (1980, p. 90).

The Comptroller of the Currency study revealed that 23 percent of the nonwhite mortgage applicants were rejected, compared to a 15 percent rejection rate for whites. Using chi square analysis analysis, however, Listokin and Casey showed that this difference was nonetheless significant after controlling for economic characteristics. Four economic variables - income, assets, LVR, and purchase price were determined to be significant in terms of loan disposition. Their research revealed that race was statistically significantly associated with disposition of a loan after controlling for economic factors (1980, p. 130-135).

Shlay

Unfortunately, neither of those sources of data used by Listokin and Casey undertake periodic updating. Only current HMDA data or lending records are readily available. Using that data Shlay studied mortgage lending patterns in Baltimore (1987). Shlay examined lending patterns in three Baltimore submarkets: the suburban lending market and two Baltimore City lending markets - gentrifying neighborhoods and non-gentrifying neighborhoods. Two types of analyses were conducted. The first type of analysis used two different techniques to determine where the money flowed. The first technique examined the total volume of loans made in Baltimore and its suburbs as it related to each area's share of local housing stocks for which loans can be made. This "fair share" analysis addressed whether areas' respective share of lending were comparable, less than, or exceeded their share of the region's housing. The second technique analyzed the distribution of credit among census tracts relative to the housing stock in place in 1980. Shlay used multivariate techniques to account for disparities in lending among census tracts within each of the lending submarkets. The second type of analysis examined the relationship between mortgage lending patterns and racial composition while controlling for local income levels and housing stocks (p. 10).

Shlay's initial research yielded several conclusions about overall lending patterns in Baltimore. The Baltimore suburbs have consistently

received substantial amounts of all types of residential financing. Relative to their share of the local housing stock, the suburbs received more than its fair share of conventional single family finance. All in all, the suburbs represented the dominate lending market for the Baltimore area's residential finance industry (Shlay, 1987, p. 30).

Gentrifying areas represented the main lending submarket for single family conventional finance within the central city. Lending volumes for single family conventional loans in gentrifying areas was comparable to lending volumes experienced in the suburbs. Gentrifying areas represented the lowest volume market for home improvement loans, however, compared to either the suburbs or non-gentrifying areas (Shlay, 1987 p. 30).

Non-gentrifying areas represented the lowest volume market for conventional single-family loans. Non-gentrifying areas did, however, receive a larger volume of home improvement loans. For home improvement loans, non-gentrifying areas received lending volumes comparable to the suburbs (Shlay 1987, p. 31).

When race and income were factored in, Shlay found that within the city, 95 percent of all moderate to middle income black census tracts (median income between 50-120 percent of SMSA median, black population greater than or equal to 75 percent) received a "low" volume of loans (less than 30 loans per 1000 eligible structures). Only 5 percent of the black tracts received a "medium" level of lending (between 30-60 loans per 1000 eligible structures). No black census tracts received a "high" volume of loans (greater than or equal to 60 loans per 1000 eligible structures). Only 27 percent of the moderate and middle income white census tracts (median income between 50-120 percent of SMSA median, black population less than 25 percent) received a "low" volume of loans. Sixty-one percent received a "medium" volume of loans, and 12 percent received a "high" volume of loans (Shlay, 1987, p. 34).

In the suburbs there were only three black census tracts, each with a median income greater than 80 percent of the SMSA median. A clear statistical relationship between race and lending could not be tested. Nevertheless, two of these tracts received a "low" level of lending (66 percent), while one received a "high" level of lending (33 percent). Only 18 percent of the white tracts experienced a "low" level of lending. Forty-one percent received a "medium" level, while 42 percent received a "high" level. These results indicate that on a raw number basis (loans per 1000 owner-occupied structures), regulated lenders in Baltimore make more loans in white areas than in black areas. (Shlay, 1987, p. 36).

In an effort to get a more precise measurement of the relationship between lending and race, Shlay introduced several market factors hypothesized to influence lending volume. The factors were family composition, population turnover, socio-economic status, new development, age of the housing stock, vacancy rates, size of the housing stock, and the presence or absence of residential land use, and race. Each census tract was evaluated in terms of these factors. Using multivariate regression, Shlay estimated the percent change in the dependent variable (i.e. volume of lending) for a unit change in the independent variable (e.g. vacancy rate, etc.). In both Baltimore City and its suburbs, housing and population characteristics explained a large part of the variation in single family lending volume among various census tracts. Areas of higher income levels, fewer single people, higher population turnover, more expensive housing, higher vacancy rates, and more housing available for lending received more conventional single family loans than other areas.

In addition to the market factors, race also explained variations in both amount and total number of loans received. In Baltimore an increase of one percent in black population was associated with 0.5 percent fewer loans received, and 0.7 percent less value of loans received. In the suburban market, each percent increase in black population meant a 0.8 percent fewer loans received, and 1.0 percent less value of loans received. Shlay concludes that "throughout the

Baltimore metropolitan region, the variation in areal conventional single family credit flows was due, in part, to the race of local residents" (1987, p. 40-43).

Literature to date shows that mortgage lending flows are influenced by race. Early writings on this subject suggested that as a geographical area's population became more black, the property value in that area would decline. This set of circumstances would lead to higher risks in terms of mortgage lending. Therefore, lenders became reluctant to approve credit applications from applicants in predominantly black neighborhoods (Berry, 1979, p. 10). Evidence of this pattern has persisted. Racial discrimination in mortgage lending was shown to exist in Chicago during the early 1970's, and in 1974 it was shown to be an overall pattern in eighteen SMSAs across the country (Listokin and Casey, 1980, p. 130-135). More recent research has shown a racially discriminatory pattern in mortgage lending in the Baltimore area. The Baltimore study made use of HMDA data to ascertain mortgage flows (Shlay, 1987).

Evidence of mortgage redlining is largely limited to northern, midwestern, and west coast cities. While some community groups in Florida have completed lending pattern studies, there has been no formal or academic research in the south. The need for such research became evident when a local land trust operating in a predominantly black neighborhood observed that many of its apparently credit-worthy clients were being denied mortgages by a local bank. Subsequently, a community group was formed to examine local financial institutions' CRA performance. Preliminary reviews of HMDA statements indicated a pattern of racial discrimination. Further research was necessary to support the preliminary reviews. That is the purpose of this thesis.

# CHAPTER III

## METHODOLOGY

In Atlanta, Georgia, does a neighborhood's racial composition affect the ability of its residents to obtain mortgage loans from regulated lenders? Working with Charles Finn of the Hubert H. Humphrey Institute of Public Affairs, University of Minnesota and Bill Dedman of the Atlanta Journal/Constitution, the answer to this question was sought. Data for this analysis were provided by the Federal Financial Institutions Examination Council (FIEC) in the form of computer tapes that contain 1985 and 1986 HMDA statements for each bank in the Atlanta SMSA. Printed copies of aggregate data for the SMSA, 1982-86, were also obtained. Although requested, the aggregate data were not available from the computer tapes that were sent. The federal Freedom of Information Act had to be used to obtain these tapes.

In addition to the HMDA data, the FIEC also provided computer tapes containing the results of the 1980 United States Census for every Metropolitan area in the country. While at face value this appeared to be a windfall, the census tapes proved to be of little use for the purpose at hand. The census tapes included the census data for the Atlanta SMSA needed for the analysis. As one would expect, the census tapes listed the data in numerical order by census tract. The HMDA data was also listed numerically by census tract. However, if a financial institution made no loans in any given census tract, then that tract was not included in the statements. Consequently, the

HMDA data and the census data were not directly compatible; the census data had to be entered by hand.

Once the HMDA and census data were put into a machine readable form, some research decisions could be made. One of the primary hypotheses of this research is that financial institutions use racial as well as economic criteria in evaluating a mortgage application. Therefore, a coding system was devised to evaluate each census tract on the basis of racial and economic characteristics. One of the primary considerations was to determine which census tracts, based on each tract's median household income, had a population that could afford to purchase a home (1980 SMSA median household income was $18,355). Current underwriting criteria dictates that in order to qualify for a mortgage an applicant's monthly mortgage payment cannot be greater than 28 percent of the applicant's monthly income. Using this percentage, it was calculated that an annual income of $11,563, 63 percent of the SMSA median, could support a home purchase price of $35,000, at mortgage terms of 9.5 percent for thirty years with 20 percent down.* For the purpose of this analysis, this amount was increased to $12,848 or 70 percent of the SMSA median in an effort to give greater benefit of the doubt to the lenders involved. The complete coding system is presented in Table 1. Census tracts were classified in terms of both income and race. Fourteen census tracts had a minority population between 80-100 percent coupled with a median income between 70-122 percent of the SMSA median. Thirty-nine tracts fell into the classification having a minority population of between 0-20 percent and a median income of between 70-122 percent of the SMSA median.

* $35,000 is the estimated price for a home in a low-moderate income neighborhood in Atlanta. The interest rate charged for a fixed rate, 30 year mortgage by forty-three of the fifty-six lenders listed in the March 6, 1988 Atlanta Journal/Constitution was 9.5 percent . A 20 percent downpayment is required for all non-insured mortgages. For the purpose of the calculation, 12 percent was subtracted from the annual income for taxes.

Table 1

Census Tract Categories

| Category | Description |
|---|---|
| 1 | **Moderate-income blacks** who can afford to buy a house: Income 70-86% SMSA median. Minority population 80-100%. (10 tracts) |
| 2 | **Middle-income blacks** who can afford to buy a house: Income 87-102% SMSA median. Minority population 80-100%. (2 tracts) |
| 3 | **Higher-income blacks** who can afford to buy a house: Income 103-122% SMSA median. Minority population 80-100%. (2 tracts) |
| 4 | **Moderate-income whites** who can afford to buy a house: Income 70-86% SMSA median. Minority population 0- 20%. (9 tracts) |
| 5 | **Middle-income whites** who can afford to buy a house: Income 87-102% SMSA median. Minority population 0- 20%. (19 tracts) |
| 6 | **Higher-income whites** who can afford to buy a house: Income 103-122% SMSA median. Minority population 0- 20%. (19 tracts) |
| 7 | **Moderate-income integrated** areas who can afford to buy a house: Income 70-86% SMSA median. Minority population 20-80%. (4 tracts) |
| 8 | **Middle-income integrated** areas who can afford to buy a house: Income 87-102% SMSA median. Minority population 20-80%. (4 tracts) |
| 9 | **Higher-income integrated** areas who can afford to buy a house: Income 103-122% SMSA median. Minority population 20-80%. (3 tracts) |
| 10 | **Blacks too poor** to buy a house: Income below 70% SMSA median. Minority population 80-100%. (55 tracts) |

Census Tract Categories (cont'd)

| Category | Description |
|---|---|
| 11 | **Whites too poor** to buy a house: Income below 70% SMSA median. Minority population 0-20%. (8 tracts) |
| 12 | **Integrated area too poor** to buy a house: Income below 70% SMSA median. Minority population 20-80%. (13 tracts) |
| 13 | **Highest-income blacks:** Income above 122% SMSA median.Minority population 80-100%. (0 tracts) |
| 14 | **Highest income whites:** Income above 122% SMSA median. Minority population 0-20%. (50 tracts) |
| 15 | **Highest-income integrated areas:** Income above 122% SMSA median. Minority population 20-80%. (3 tracts) |
| 16 | **Areas with enough income to afford houses, but not enough owner-occupied houses to be comparable:** Fewer than 500 owner-occupied housing units. (This variable is employed only when a tract would otherwise qualify for categories 1-9, 13 and 14--not for categories 10-12.) (20 tracts) |
| 17 | **Areas considered not comparable** because of growth rate of more than 10% in single-family/duplex units from 1980-1987. (This variable is employed only when a tract would otherwise qualify for categories 1-12--not for categories 13 or 14.) (69 tracts) |
| 18 | **Areas considered not comparable** because of a decline in single-family/duplex units from 1980-1987. (This variable is employed only when a tract would otherwise qualify for categories 1-9--not for categories 10-14.) (6 tracts) |
| 19 | **Areas considered not comparable** because they are outside the seven county ARC area. Although these counties are not included in the aggregate tables, a random sample are included in the individual bank tables, with each tract given a rate. However, the growth rates in these tracts cannot be determined. (33 tracts) |

In the classification of minority population greater than 80 percent and median income less than 70 percent of the SMSA median there are 55 tracts. Eight tracts met the criteria of having a minority population of between 0-20 percent and a median income less than 70 percent of the SMSA median. Fifty tracts were classified as having a minority population of between 0-20 percent and a median income greater than 122 percent of the SMSA median. There were no tracts with a minority population greater than 80 percent and a median income over 122 percent of the SMSA median.

Census tracts with a minority population of between 20-80 percent, not inclusive, were considered to be integrated. Eleven of those integrated tracts had a median income of between 70-122 percent of the SMSA median. Twenty-one of the integrated tracts had a median income less than 70 percent of the SMSA median. Three had a median income greater than 122 percent of the SMSA median.

The total number of owner-occupied structures was also an important consideration for this research. If there are very few structures eligible for single family mortgages, it would follow that there would be little demand for lending. As a result, all census tracts containing fewer than 500 owner-occupied structures and having a median income greater than 70 percent of the SMSA median were placed in a separate category and not included in the final analysis.

Rapidly growing areas also tend to skew lending data. Census tracts in which the number of newly constructed owner-occupied structures is increasing will naturally have a greater demand for mortgages. Areas that are experiencing a decline in the number of owner -occupied structures will also tend to obscure the data. In light of this, the 69 tracts that grew in total number of single-family units by more than 10 percent of between 1980-87 were placed in a separate category and not included in the final analysis. In addition the six tracts that experienced decline in the total number of owner-occupied structures of between 1980-87 were not included in the final analysis.

The study area was comprised of both the seven county and the 18 county Atlanta region. The Atlanta SMSA consists of 18 counties. Seven core counties fall under the jurisdiction of the Atlanta Regional Commission (ARC). The ARC publishes annually updated census data for those seven counties. Therefore, although data from the 1980 United States Census was used, it was supported by 1987 estimates. Even though the Census data is over eight years old, 1987 updates revealed that no census tracts had changed demographically enough between 1980-87 to warrant its reclassification into a different category. Only two counties in the metro area, Fulton and DeKalb, had any census tracts that had a black population of greater than 80 percent. Every census tract in those two counties is included in the final analysis. Also included in the final analysis is a random sample of census tracts from the remaining five counties that comprise the ARC and the remaining 11 counties that constitute the Atlanta SMSA.

Once the census tracts were categorized, some general patterns could be discerned. Forty-nine of the 55 census tracts rated 10 (at least 80 percent black, median income below 70 percent of the SMSA median) are located within the City of Atlanta. Of the ten tracts rated 11 (population 20 percent or less black, median income below 70 percent of the SMSA median), only five are located within the City of Atlanta. Eight of the 14 tracts with a black population greater than or equal to 80 percent and a median income between 70-122 percent of the SMSA median (categories 1-3) are located within the City of Atlanta. Of the 39 tracts that are 20 percent or less black and had a median income between 70-122 percent of the SMSA median (categories 4-6), only 6 are located within the City of Atlanta. Only Fulton and DeKalb counties had any census tracts with a black population 80 percent or higher.

The analytical technique used in his research is similar to the technique used by Shlay (1987). Census tracts are categorized in terms of race and income (see Table 1). The number of loans per 100 owner-occupied structures in white census tracts were compared to

the number of loans per 100 owner-occupied structures in black census tracts. It differs from Shlay's technique (1987) in that actual demand, rather than an estimated demand, is included in the analysis.

The analytical phase of the research consisted of two analyses of trends in lending patterns in the aggregate, and a series of analyses of the lending patterns for 17 of Atlanta's most active, regulated lenders. The first analysis is a breakdown of lending patterns by year, by category, and by loan type, for the time period 1982-86. The information consists of the total number and dollar amounts for FHA/VA, conventional, home improvement, and multi-family loans. Also included are the number of owner occupied structures, the average mortgage amount per owner-occupied structure, the average home improvement loan amount per owner-occupied structure, the percent of owner occupied structures receiving mortgages, the percent of owner-occupied structures receiving home improvement loans, the average amount per mortgage, and the average amount per home improvement loan. All information contained in this report is reported according to the classification system described in Table 1 only; no data are expressed on a census tract basis. The complete results are presented in the Appendix.

The second aggregate analysis covers the same time period, 1982-86. This analysis consists of a breakdown by year, by category and by census tract of the total number and dollar amount of all FHA/VA and conventional loans made by regulated lenders. There is no distinction made in this type of report between those two types of loans. Also included in this analysis are the total number of owner-occupied structures, the percent of owner-occupied structures receiving mortgages, and the dollar amount of loans per structure.

In addition to the aggregate data, analyses were conducted on the lending patterns of for 17 financial institutions in metropolitan Atlanta (Table 2). The institutions include the 15 most active lenders in the Atlanta market, plus Citizens Trust, a black owned bank, and Mutual Federal, a black owned savings and loan. Data on the most

active lenders in the area were obtained from J.H. Kennerly, a researcher from Stone Mountain, Georgia, who compiled this information from county deed records.

The reports generated for each bank show the census tract and category for every loan reported by each bank, 1985-86. Data for 1984 were requested from the FIEC, but it was not received in a usable form. Mortgage information for each bank includes the number and dollar amounts of all FHA/VA, conventional, home improvement, and multi-family loans. Also included by category are the average amounts per mortgage and per home improvement loan, the amounts per owner-occupied structure for both mortgages and home improvement loans, the percent of owner-occupied structures receiving mortgages, and the percent of owner-occupied structures receiving home improvement loans. The percent of mortgages made in each category was also calculated.

Table 2

Individual Institutions

1. Anchor Savings
2. Bank South
3. California Federal
4. Citizens & Southern
5. Citizens Trust
6. Decatur Federal
7. DeKalb Federal
8. First American
9. First Atlanta
10. First Federal
11. First Union
12. Fulton Federal
13. Georgia Federal
14. Home Federal
15. Liberty Federal
16. Mutual Federal
17. Trust Company

# CHAPTER IV

# ANALYSIS

There are four parts to the analysis phase of this research. The aggregate results are based on the HMDA statements of 88 financial institutions in the metro Atlanta area and cover every home loan made by those institutions between 1982-86. The individual bank results evaluate the 1985-86 lending records of 17 metro Atlanta financial institutions. Real estate transaction records were used to examine the demand side of the Atlanta mortgage market. In addition, mortgage loan application approval/denial rates, by race of applicant, were reviewed for the final section of this chapter.

## Aggregate Results

In lending markets without discrimination, neighborhood racial compositions will have no independent influence on the quantity of lending received (Shlay, 1987, p. 11). In other words, all other things being equal, census tracts with comparable income levels should receive the same number of loans on a per eligible structure basis, regardless of race. As it relates to this research, census tracts classified 1, for example, should receive a comparable number of loans per owner-occupied structure as census tracts classified 4. With this in mind, the results of the aggregate data are examined.

Figure 1 shows the number of mortgages per 100 owner-occupied units granted in categories 1, 2, and 3 as compared to the number of mortgages per 100 owner-occupied units granted in

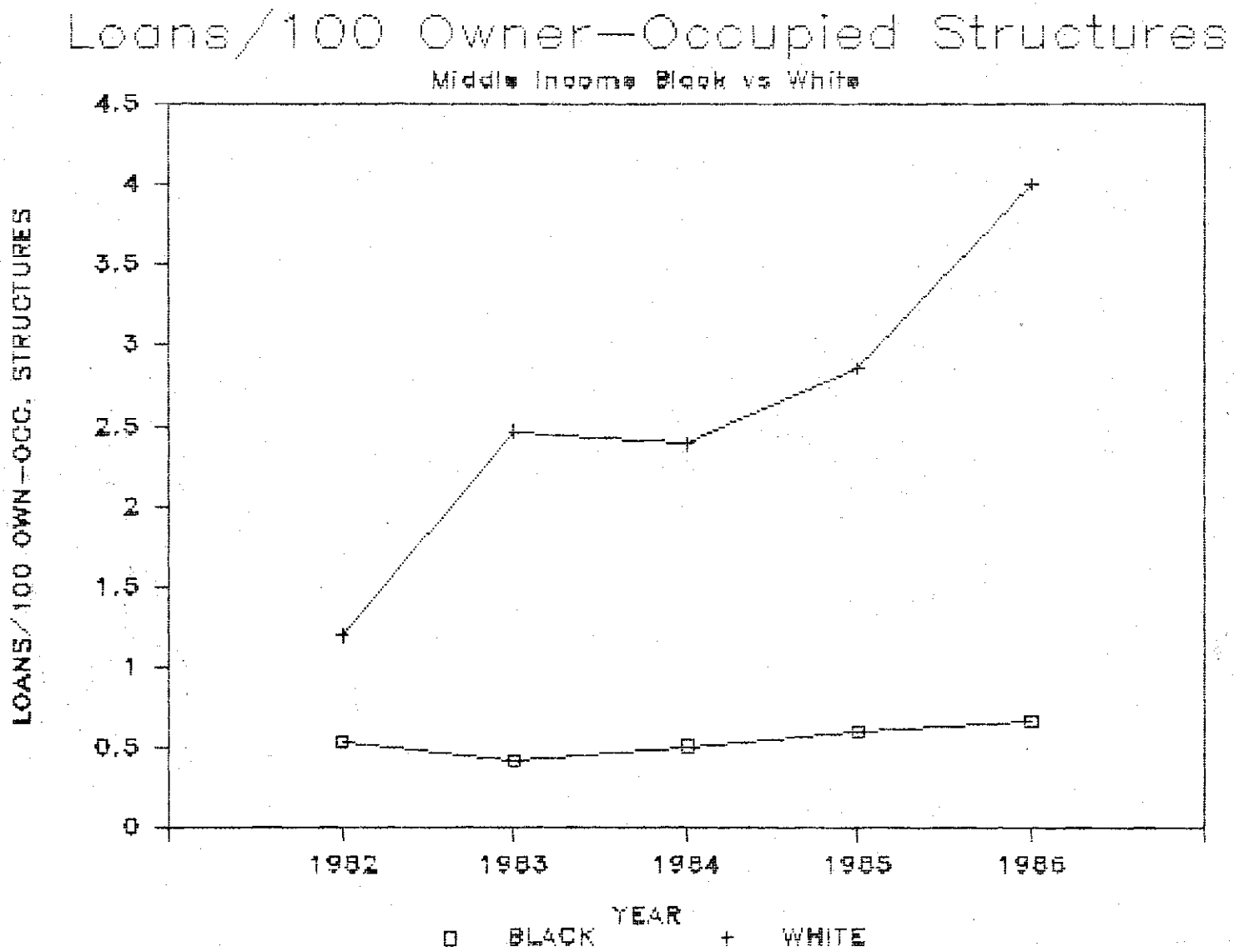
Loans/100 Owner-Occupied Structures
Middle Income Black vs White
LOANS/100 OWN-OCC. STRUCTURES
4.5
4
3.5
3
2.5
2
1.5
1
0.5
0
1982
1983
1984
1985
1986
YEAR
BLACK
WHITE

Figure 1

categories 4, 5, and 6, 1982-86. (Middle income blacks vs. middle income whites). In 1982, a year of dramatically high interest rates, the total volume of conventional lending was down. Even so, the number of mortgages per 100 structures in categories 4, 5, and 6 was 2.2 times the amount of lending in categories 1, 2, and 3.

By 1983, when interest rates began to stabilize, mortgage lending in categories 4, 5, and 6 increased greatly. Lending in categories 1, 2, and 3 experienced a slight decline. The gap between white and black rose nearly threefold; categories 4, 5, and 6 received 5.9 times as many mortgages per 100 owner-occupied structures than did categories 1, 2, and 3.

This difference leveled off slightly 1984-85 (4.7 times as many loans in each year, white vs. black), but once again increased to a difference of 6.0 times during 1986. Overall, between 1982-86 the number of mortgages per 100 owner-occupied structures in categories 1, 2, and 3 increased by nearly 25 percent. During the same time period, the number of mortgages per 100 owner-occupied structures in categories 4, 5, and 6 increased by more than 108 percent. This is especially important when noted that all tracts that grew in number of owner-occupied structures by 10 percent or more, 1980-87, were excluded from this analysis.

Figure 2 extends the analysis presented in Figure 1 by incorporating lower income blacks and lower income whites. The discrepancies in lending dropped slightly with the addition of these two categories. In 1982 the difference was 1.9 times, once again probably due to the depressed mortgage market. The differences rose slightly 1983-84, dropped off slightly in 1985, and then shot up to 5.2 times in 1986. One possible explanation for the drop in differences between black and white with the addition of low income

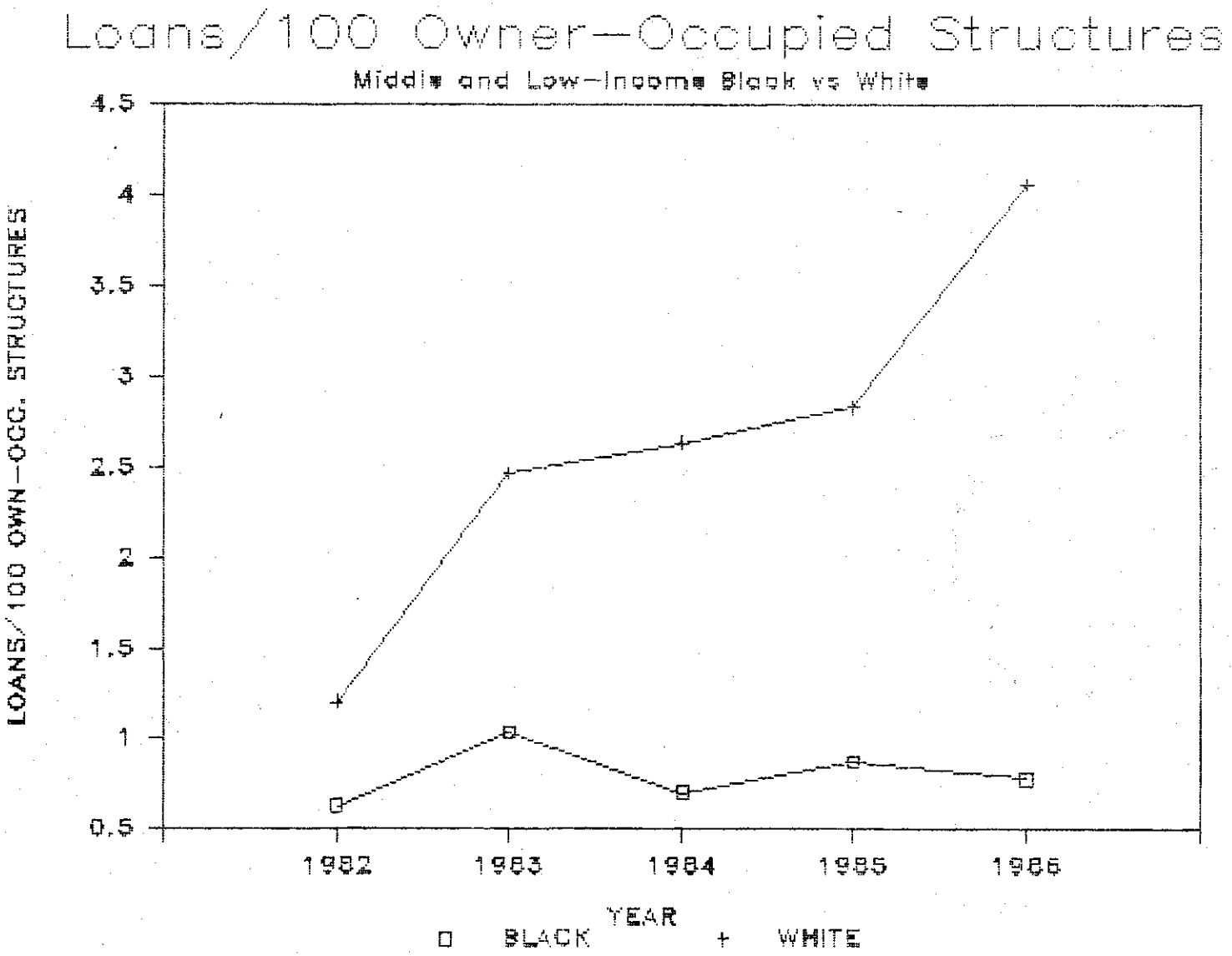
Loans/100 Owner-Occupied Structures
Middle and Low-Income Black vs White
LOANS/100 OWN-OCC. STRUCTURES
4.5
4
3.5
3
2.5
2
1.5
1
0.5
1982
1983
1984
1985
1986
YEAR
BLACK
WHITE

Figure 2

tracts is the lending records of Citizens Trust and Mutual Federal. These are Atlanta's two black-owned institutions, each of which make the majority of their loans in category 10 (lower income, 80 percent or more black) census tracts.

Some of the most revealing data is shown in Figure 3. A comparison of lending is made between middle income black census tracts (categories 1, 2, and 3) and lower income white tracts (category 11). As with the previous two comparisons, lending in white tracts far out exceeds lending in black tracts, in spite of the considerable difference in income. As before, lending differences were the least in 1982. Differences shot up considerably in 1984, leveled off somewhat in 1985, and rose once again in 1986. What this data indicates is that regardless of income, residents of areas that are at least 80 percent white had a much greater chance of receiving a mortgage from a regulated lender than an area that is 80 percent or more black.

## Individual Bank Results

Given the results of the aggregate analyses, one would expect the individual institutions data to be dominated by loans to predominantly white areas. As a general rule, this proved to be the case. Since data was available for only two years, an average of the number of loans made by each institution during 1985-86, was used. No long term trends can be observed. What can be determined is how the market behaved over this two year period. Each institution was ranked by the ratio of number of loans per 100 owner-.pa occupied structures in black tracts to number of loans per 100 owner-occupied structures in white tracts. Included in the ratio are only loans made in the categories under consideration.

Table 3 shows the seventeen banks' lending patterns in middle income black and white tracts (categories 1, 2, and 3, and 4, 5, and 6, respectively.) In this analysis, Citizens Trust, Mutual Federal, and First Union granted more loans to middle .pa income black census tracts than to middle income white tracts. However, these three banks,

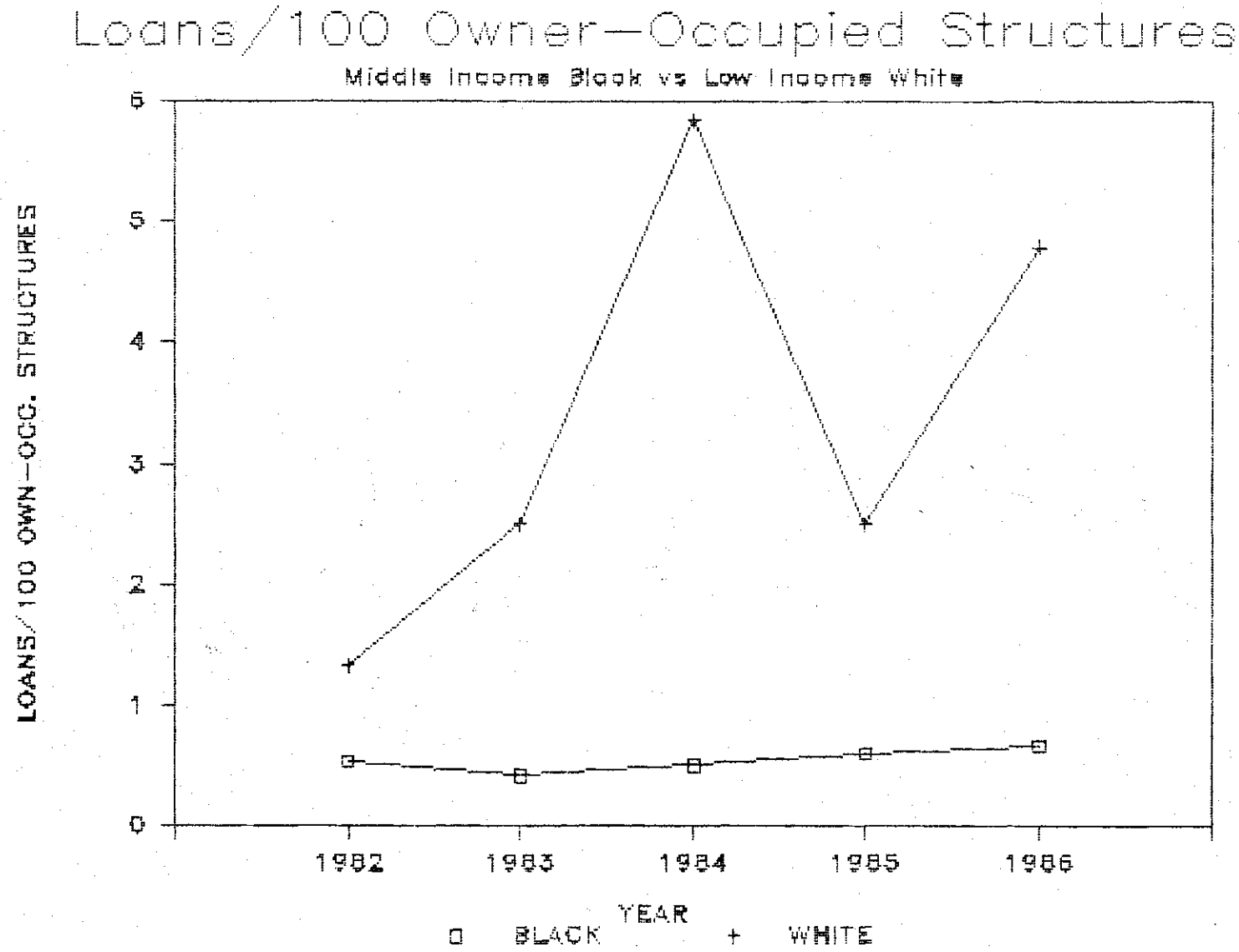
Loans/100 Owner-Occupied Structures
Middle Income Black vs Low Income White
LOANS/100 OWN-OCC. STRUCTURES
0
1
2
3
4
5
6
1982
1983
1984
1985
1986
YEAR
BLACK
WHITE

Figure 3

TABLE 3

Home Purchase Loans to
Middle-Income Blacks and Whites

| INSTITUTION | AVERAGE NO. MORTGAGES IN ALL AREAS (1985-86) | AVERAGE NO. MORTGAGES TO MIDDLE INCOME BLACK AREAS * (1985-86) | NO. LOANS PER 100 OWNER-OCC. STRUCTURES IN MIDDLE INCOME BLACK AREAS | AVERAGE NO. MORTGAGES TO MIDDLE INCOME WHITE AREAS ** (1985-86) | NO. LOANS PER 100 OWNER-OCC. STRUCTURES IN MIDDLE INCOME WHITE AREAS | RATIO (LOANS/100 OWN-OCC. STRUCTS. IN BLACK MIDDLE AREAS VS. WHITE MIDDLE AREAS) |
|---|---|---|---|---|---|---|
| 1. CITIZENS TRUST | 14.5 | 0.5 | 0.00256 | 0.0 | 0.00000 | ALL BLACK |
| 2. MUTUAL FEDERAL | 24.5 | 3.0 | 0.01536 | 1.5 | 0.00294 | 5.2:1.0 |
| 3. FIRST UNION | 55.5 | 1.0 | 0.00512 | 1.0 | 0.00196 | 2.6:1.0 |
| 4. FIRST FEDERAL | 97.0 | 0.5 | 0.00256 | 2.0 | 0.00392 | 1.0:1.5 |
| 5. ANCHOR SAVINGS | 164.0 | 3.5 | 0.01792 | 19.0 | 0.03720 | 1.0:2.1 |
| 6. CALIFORNIA FED | 787.5 | 11.5 | 0.05890 | 76.5 | 0.14979 | 1.0:2.5 |
| 7. GA FEDERAL | 2803.5 | 25.0 | 0.12803 | 193.0 | 0.37789 | 1.0:3.0 |
| 8. DEKALB FEDERAL | 574.5 | 3.5 | 0.01792 | 30.0 | 0.05874 | 1.0:3.3 |
| 9. TRUST CO | 67.5 | 0.5 | 0.00256 | 4.5 | 0.00881 | 1.0:3.4 |
| 10. LIBERTY FED | 1346.5 | 14.0 | 0.07170 | 143.5 | 0.28097 | 1.0:3.9 |
| 11. C&S BANK | 2817.0 | 22.5 | 0.11523 | 272.0 | 0.53257 | 1.0:4.6 |
| 12. FULTON FEDERAL | 1478.0 | 7.5 | 0.03841 | 110.5 | 0.21636 | 1.0:5.6 |
| 13. DECATUR FED | 3692.5 | 16.5 | 0.08450 | 367.0 | 0.71858 | 1.0:8.5 |
| 14. FIRST ATL. | 288.5 | 0.5 | 0.00256 | 22.5 | 0.04405 | 1.0:17.2 |
| 15. HOME FEDERAL | 1975.5 | 4.5 | 0.02305 | 211.5 | 0.41411 | 1.0:18.0 |
| 16. 1ST AMER. | 589.0 | 0.5 | 0.00256 | 52.5 | 0.10279 | 1.0:40.1 |
| 17. BANK SOUTH | 17.5 | 0.0 | 0.00000 | 0.5 | 0.00098 | ALL WHITE |
| TOTALS | 16793.0 | 115.0 | *** | 1507.5 | *** | *** |

SOURCE: FEDERAL FINANCIAL INSTITUTIONS EXAMINATIONS COUNCIL

NOTE: ALL FIGURES REPRESENT AN AVERAGE OF THE TWO YEARS 1985-86

* MIDDLE INCOME BLACKS CONSISTS OF THOSE CENSUS TRACTS THAT ARE 80 PERCENT OR MORE BLACK, AND HAVE A MEDIAN HOUSEHOLD INCOME GREATER THAN OR EQUAL TO 70 PERCENT OF THE SMSA MEDIAN.

** MIDDLE INCOME WHITES CONSISTS OF THOSE CENSUS TRACTS THAT ARE 80 PERCENT OR MORE WHITE, AND HAVE A MEDIAN HOUSEHOLD INCOME GREATER THAN OR EQUAL TO 70 PERCENT OF THE SMSA MEDIAN, BUT LESS THAN 123 PERCENT OF SMSA MEDIAN.

*** TO AVOID CONFUSION WITH THE AGGREGATE FIGURES FOR ALL FINANCIAL INSTITUTIONS, THE AVERAGES FOR THESE 17 INSTITUTIONS HAVE BEEN OMITTED.

along with Bank South who made no loans to categories 1, 2, or 3, were the least active mortgage lenders included in the analysis. First Union made less than 4 percent of its total lending in category 1-6 tracts, as did Citizens Trust. Mutual Federal made just over 12 percent of its total lending in tracts rated 1-6. The more active lenders granted more loans per eligible structure to white areas than to black areas. However, there is no direct correlation between overall mortgage activity and geographic discrepancies. The average number of mortgages to middle income black areas ranged from 0 (Bank South) to 25.0 (Georgia Federal). The average number of mortgages to middle income white areas ranged from 0 (Citizens Trust) to 367.0 (Decatur Federal). Not including the three banks that made more loans per eligible structure to black areas than white, the ratios ranged from 1.0:1.5 (First Federal) to 1.0:40.2 (First American).

Table 4 is the same format as Table 3, with the addition of lower income blacks and whites. Once again, Citizens Trust, Mutual Federal, and First Union made more loans in black areas than in white. Citizens Trust made over 65 percent of its average number of mortgages to all areas to those areas rated 10. Mutual Federal made nearly 50 percent of its average number of loans to all areas to those areas rated 10. The inclusion of First Union is slightly deceptive since less than 5 percent of its total lending was made in categories 1-6, 10 or 11 (black and white areas with median income between 0-122 percent of SMSA median).

The remainder of the banks once again fared quite poorly in terms of this ranking. Ratios range from 1:1.7 (First Federal) to 1:14.1 (First Atlanta). Bank South, once again, bypassed all black areas, however, less than 6 percent of its total lending was concentrated in categories 4-6, and 11 (white areas with median incomes between 0-122 percent of SMSA median. In other words, as with First Union, Bank South makes few loans in both middle and lower income black and white areas.

TABLE 4

Home Purchase Loans to Lower and
Middle-Income Blacks and Whites

| INSTITUTION | AVERAGE NO. MORTGAGES IN ALL AREAS (1985-86) | AVERAGE NO. MORTGAGES TO LOWER & MIDDLE INCOME BLACK AREAS * (1985-86) | NO. LOANS PER 100 OWNER-OCC STRUCTURES IN LOWER & MIDDLE INCOME BLACK AREAS | AVERAGE NO. MORTGAGES TO LOWER AND MIDDLE INCOME WHITE AREAS ** (1985-86) | NO. LOANS PER 100 OWNER-OCC STRUCTURES IN LOWER & MIDDLE INCOME WHITE AREAS | RATIO (LOANS/100 OWN-OCC. STRUCTS. IN BLACK LOWER & MIDDLE AREAS VS. WHITE LOWER & MIDDLE AREAS |
|---|---|---|---|---|---|---|
| 1. CITIZENS TRUST | 14.5 | 10.0 | 0.02163 | 0.0 | 0.00000 | ALL BLACK |
| 2. MUTUAL FEDERAL | 24.5 | 14.5 | 0.03136 | 1.5 | 0.00294 | 10.7:1.0 |
| 3. FIRST UNION | 55.5 | 1.5 | 0.00324 | 1.0 | 0.00196 | 1.7:1.0 |
| 4. FIRST FEDERAL | 97.0 | 1.0 | 0.00216 | 2.5 | 0.00489 | 1.0:2.3 |
| 5. LIBERTY FED | 1346.5 | 60.5 | 0.13086 | 154.5 | 0.30251 | 1.0:2.3 |
| 6. DEKALB FEDERAL | 574.5 | 12.5 | 0.02704 | 32.5 | 0.06363 | 1.0:2.4 |
| 7. TRUST CO BANK | 67.5 | 2.0 | 0.00433 | 5.5 | 0.01077 | 1.0:2.5 |
| 8. ANCHOR SAVINGS | 164.0 | 7.5 | 0.01622 | 21.0 | 0.04112 | 1.0:2.5 |
| 9. CALIFORNIA FED | 787.5 | 26.5 | 0.05732 | 87.0 | 0.17034 | 1.0:3.0 |
| 10. GA FEDERAL | 2803.5 | 51.5 | 0.11140 | 209.5 | 0.41020 | 1.0:3.7 |
| 11. C&S BANK | 2817.0 | 52.0 | 0.11248 | 285.5 | 0.55900 | 1.0:5.0 |
| 12. FULTON FEDERAL | 1478.0 | 20.5 | 0.04434 | 116.0 | 0.22713 | 1.0:5.1 |
| 13. DECATUR FED | 3692.5 | 50.0 | 0.10815 | 402.0 | 0.78711 | 1.0:7.3 |
| 14. HOME FEDERAL | 1975.5 | 26.0 | 0.05624 | 226.0 | 0.44250 | 1.0:7.9 |
| 15. 1ST AMER. | 589.0 | 5.0 | 0.01082 | 56.5 | 0.11063 | 1.0:10.2 |
| 16. FIRST ATL. | 288.5 | 1.5 | 0.00324 | 23.5 | 0.04601 | 1.0:14.1 |
| 17. BANK SOUTH | 17.5 | 0.0 | 0.00000 | 1.0 | 0.00196 | ALL WHITE |
| TOTALS | 16793.0 | 342.5 | *** | 1625.5 | *** | *** |

SOURCE: FEDERAL FINANCIAL INSTITUTIONS EXAMINATIONS COUNCIL

NOTE: ALL FIGURES REPRESENT AN AVERAGE OF THE TWO YEARS 1985-86

* MIDDLE & LOW INCOME BLACKS CONSISTS OF THOSE CENSUS TRACTS THAT ARE 80 PERCENT OR MORE BLACK, AND HAVE A MEDIAN HOUSEHOLD INCOME BELOW 123 PERCENT OF THE SMSA MEDIAN.

** MIDDLE & LOW INCOME WHITES CONSISTS OF THOSE CENSUS TRACTS THAT ARE 80 PERCENT OR MORE WHITE, AND HAVE A MEDIAN HOUSEHOLD INCOME BELOW 123 PERCENT OF THE SMSA MEDIAN.

*** TO AVOID CONFUSION WITH THE AGGREGATE FIGURES FOR ALL FINANCIAL INSTITUTIONS, THE AVERAGES FOR THESE 17 INSTITUTIONS HAVE BEEN OMITTED.

The basic hypothesis behind the aggregate and individual bank analyses is that, all other things being equal, race should have no independent effect on the quantity of lending received. However, further analysis contradicts this hypothesis. Race does have an independent effect on the quantity of lending received.

The Effects of Demand

One limitation of analyses that rely on HMDA data in combination with census data is that this procedure only accounts for the household income portion of the demand for mortgage loans. Critics contend that blacks and whites of similar incomes have different propensities to seek mortgage loans. In 1986 the level of lending in middle class white areas was 6.0 times the level in middle class black areas possibly because the demand for mortgages in white areas was 6.0 times the demand in black areas. Another often used argument is that a bank's mortgage company subsidiary makes the loans in black neighborhoods. HMDA statements do not include number of loan applicants, number of denials, reasons for denial, nor do they include the lending records of unregulated lenders, such as mortgage companies. Shlay attempted to compensate for this shortcoming by constructing a mortgage demand model. This model attempts to predict what the demand for mortgages should be in any census tract, given certain characteristics (percent of owner-occupied structures, more new housing, higher vacancy rates, etc.) (Shlay, 1980, p. 38).

The research conducted on Atlanta compensates for this shortcoming in the HMDA data in a different way. Information published by Real Estate Data Incorporated (REDI) was used to examine all mortgage activity within certain census tracts. Shlay uses a calculation to predict, given certain conditions, the number of mortgages a census tract should receive. The REDI data shows the actual number of mortgages received per census tract, regardless of the type of lender (regulated or unregulated).

Books published by REDI give grantor, grantee, mortgagee, and type of mortgage (FHA, VA, FhMA, etc.). Data is published for each county in the metro Atlanta area, dating back to 1974. The DeKalb County Board of Realtors has these books in its library. Data is sorted by land lot and district. In order to make use of the data, a census tract has to first be defined in terms of land lot and district. Each district and land lot must then be checked in the REDI data book, transaction by transaction. Since the land lot and district boundaries do not directly coincide with census tract boundaries, for each transaction within the appropriate land lot and district, a cross reference giving all streets and addresses within any given census tract had to be used. Needless to say, this data is very difficult and very time consuming to obtain.

In one sense the apparent incompleteness of the HMDA/census data does not present a problem. Regulated depository institutions are required by the Community Reinvestment Act (CRA) to meet the credit needs of their community. One rationale behind this line of thought is that these regulated institutions are taking deposits from a community, and should therefore be required to reinvest in that community. Mortgage companies do not take deposits from anyone. Consequently, the "Our mortgage company makes loans in those neighborhoods" defense is truly no defense at all.

Nevertheless, in an effort to get a more complete picture of the Atlanta mortgage market and to test the validity of the "differing propensities" and the "subsidiary mortgage company" arguments, the transactions in twenty-three census tracts for 1986 were analyzed. The results of this analysis are shown in Table 5.

Table 5 gives a breakdown by category of the average number of loans per tract, the total number of loans per occupied structure, the percent of the loans originating with a regulated lender, (in this case either a bank or a savings and loan), and the percent of the total number of loans made by a mortgage subsidiary of a regulated lender. In 1986 demand for loans was slightly higher in white tracts than in

TABLE 5

Loans by Regulated and
Unregulated Lenders

| Category | AVG. # OF LOANS PER TRACT | # OF LOANS PER 100 OWN-OCC STRUCTURES | % OF LOANS MADE BY REGULATED LENDERS | % OF LOANS MADE BY REGULATED LENDER MORTGAGE SUBSIDIARY |
|---|---|---|---|---|
| 1 | 48 | 3.8 | 7.9 | 3.1 |
| 2 | 64 | 4.6 | 6.3 | 0.0 |
| 3 | 26 | 1.6 | 11.8 | 2.0 |
| 4 | 76 | 8.9 | 29.0 | 8.3 |
| 5 | 118 | 8.7 | 29.8 | 7.7 |
| 6 | 94 | 8.4 | 40.4 | 8.5 |
| 9 | 134 | 5.6 | 4.5 | 3.4 |
| 10 | 75 | 6.3 | 5.4 | 2.0 |
| 11 | 38 | 11.3 | 25.7 | 9.7 |

CATEGORY 1 MODERATE INCOME BLACKS. MEDIAN INCOME 70-86% OF SMSA MEDIAN, BLACK POPULATION 80-100%

CATEGORY 2 MIDDLE INCOME BLACKS. MEDIAN INCOME 87-102% OF SMSA MEDIAN, BLACK POPULATION 80-100%

CATEGORY 3 HIGHER INCOME BLACKS. MEDIAN INCOME 103-122% OF SMSA MEDIAN, BLACK POPULATION 80-100%

CATEGORY 4 MODERATE INCOME WHITES. MEDIAN INCOME 70-86% OF SMSA MEDIAN, BLACK POPULATION 0-20%

CATEGORY 5 MIDDLE INCOME WHITES. MEDIAN INCOME 87-102% OF SMSA MEDIAN, BLACK POPULATION 0-20%

CATEGORY 6 HIGHER INCOME WHITES. MEDIAN INCOME 103-122% OF SMSA MEDIAN, BLACK POPULATION 0-20%

CATEGORY 9 HIGHER INCOME INTEGRATED. MEDIAN INCOME 103-122% OF SMSA MEDIAN, BLACK POPULATION 21-79%

CATEGORY 10 LOW INCOME BLACKS. MEDIAN INCOME BELOW 70% OF SMSA MEDIAN, BLACK POPULATION 80-100%

CATEGORY 11 LOW INCOME WHITES. MEDIAN INCOME BELOW 70% OF SMSA MEDIAN, BLACK POPULATION 0-20%

black tracts. In category 4 the overall demand was 2.3 times that of category 1. However, regulated lenders made 4.3 times as many loans in category 4 than in category 1. Regulated lenders accounted for 29.0 percent of all loans made in category 4, but for only 7.9 percent of all loans made in category 1. The overall demand for mortgages in category 5 was 1.9 times the demand in category 2. Regulated .pa lenders made 7.2 times as many loans in category 5 than in category 2. Regulated lenders accounted for 29.8 percent of all loans in category 5, but for only 6.3 percent of all loans in category 2. In category 6 the overall demand for mortgages was 5.2 times the demand in category 3. Regulated lenders made 6.2 times as many loans in category 6 than in category 3. Regulated lenders made 40.4 percent of the loans in category 6, compared to 11.8 percent of the loans in .pa category 3. Higher income integrated tracts fared the worst in terms of obtaining loans from regulated lenders. The sample tracts coded 9 received only 4.5% of their total mortgages from banks and savings and loans. The demand for mortgages in category 9, based on number of mortgages granted per 100 owner occupied structures, was comparable to demand in the majority white census tracts, in which the regulated lenders were responsible for up to 40 percent of all mortgage activity. Category 10 tracts also fared poorly in this analysis, especially when compared to category 11. While demand for mortgages in category 11 was less 1.8 that of tracts in category 10, regulated lenders accounted for 4.8 times as many loans in category 11 than in category 10. Regulated lender mortgage subsidiaries also made 4.8 times as many loans in category 11 than in category 10.

This research also reveals that bank's mortgage companies in general are not very active in tracts that had a black population of at least 80%, regardless of income. This fact is especially noteworthy when compared to the level of activity by banks' mortgage companies in low income white tracts. Nearly 10 percent of all mortgages in category 11 were originated by a mortgage company that is a subsidiary of a bank. There was 5.0 times as much activity by these mortgage companies in these low-income white tracts than in the highest income black tracts. This data does not support the argument

that banks use their mortgage companies to meet the credit needs of black communities.

Research based on this data certainly has its limitations. Due to the format of the original data, it would be incredibly time-consuming to construct a lending record for each actor in the entire mortgage market. Consequently, aggregate data was all that was obtained. Practicality also dictated that data from only one year was analyzed. It should be pointed out that the 1986 time period the ratio of loans/structures for whites versus blacks was as great as it ever was during the study period (Figure 1, p.31 and Figure 2, p. 33). Thus, had this analysis been conducted in 1982 the results might have been substantially different. Overall, in 1986, demand for mortgage loans in white census tracts was 2.3 times the demand in black census tracts. In this same year regulated lenders made 5.5 times as many loans in white census tracts than in black census tracts. The lack of regulated lender activity in black census tracts could have a negative impact on demand. Mortgage loans from unregulated lenders are often more expensive than mortgage loans from regulated lenders. Consequently, credit in black census tracts may be unaffordable for many of the residents, resulting in a lower demand. Even if this affordability argument is ignored, differing propensities of similar income blacks and whites does not completely explain the differences in mortgage flows. This research indicates that there is demand for mortgage loans in predominantly black census tracts, and that neither regulated lenders nor their subsidiaries are meeting this demand.

Approvals and Denials

Tangent to the demand argument is the hypothesis that blacks simply do not apply to regulated lenders for mortgage loans. When blacks do apply, the hypothesis contends, they are rejected at no higher of a rate than white applicants. Information on applicant approval/rejection rates by race of applicant is very difficult to obtain. While all institutions are required to make this information available to its regulating agency, the regulators do not consider it to be public

information, nor do the regulators consider it to be covered under the Freedom of Information Act. However, two of Atlanta's largest institutions, Georgia Federal Savings Bank and Fulton Federal Savings and Loan, chose to make the information available.

During 1987 21 percent of all black applicants at Georgia Federal were rejected. During this same time period only 5 percent of all white applicants were denied credit. Thirty-six percent of all black applicants were denied credit at Fulton Federal between 1985-87. Only 10 percent of all white applicants were rejected during this same time period. Applicants who withdrew voluntarily were not included in these calculations.

This approval/rejection analysis by no means completely refutes the hypothesis that if blacks applied for loans they would be rejected at no higher rate than whites. It does, however, indicate that this may not be the case. What is clear is that this type of information, along with the reasons for credit denial, needs to be made public in order to gain a better understanding of the situation.

## Summary of Results

This research was conducted in such a manner that any lending differences between white and black areas would be underestimated. For example, rapidly growing census tracts have a much higher demand for mortgages than stable census tracts, and consequently rapidly growing tracts were not included in the final analysis. In Atlanta these fast growing tracts are overwhelmingly white. As a result, their elimination decreased the difference in the quantity of lending between white and black census tracts. Any census tract with fewer than 500 owner-occupied structures was also eliminated from the final analysis. This helped insure that those census tracts containing a large public housing project would not be included. Since public housing in Atlanta is predominantly black, the inclusion of these tracts would have increased the difference in lending between white and black census tracts. It was calculated that residents in a census

tract with a median income of 63 percent of the SMSA median could afford to purchase a home. The analysis increased this percentage to 70 percent. Since there are more black census tracts with median incomes between 63-70 percent of the SMSA median than white census tracts, and since these black tracts received few loans from regulated lenders, this also tended to underestimate the differences in mortgage flows between white and black areas.

Despite these safeguards, the differences in lending quantities between white and black census tracts is staggering. Between 1982-86 regulated lenders in Atlanta made 4.7 times as many loans in middle income white census tracts than in middle income black census tracts. Further analysis revealed that differences in demand accounted for less than half of this difference in lending. Two Atlanta savings and loans released approval/denial information by race of applicant. Black applicants were rejected an average of 3.9 times as often as white applicants.

# CHAPTER V

## POLICY CONSIDERATIONS

The results of this research present overwhelming evidence that mortgage loan applicants from geographic areas that are at least 80 percent black have a more difficult time obtaining credit than applicants from areas that are between 0-20 percent black. These lending patterns exist despite federal laws making them illegal. They exist despite annual reviews of lending records by federal regulators in charge of enforcing these laws. Future policy aimed at breaking this pattern must focus on three distinct levels: federal government, local government, and community-based organizations.

### Federal Level

As it is currently enforced, the federal Community Reinvestment Act is an incomplete means of encouraging community reinvestment. One of the main problems lies with the regulators themselves. These regulators' primary responsibility is insuring the safety of deposits in federally regulated banks and savings and loans. Due to the recent reorganization of the banking industry, coupled with the crisis suffered by the savings and loan industry in the early 1980s, regulators have had little time to monitor CRA activity. In fact, according to the consumer group BankWatch, the annual number of examiner hours spent on banks' compliance with consumer regulations dropped by 74 percent, 1980-84, at the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, the three agencies that regulate the vast majority of banks and savings

and loans (Dedman, 1988, 14A). In an effort to insure proper enforcement of the law, monitoring CRA compliance should become the responsibility of an agency other than the four agencies with which it currently resides. The United States Department of Housing and Urban Development or the U.S. Department of Justice are the two most likely candidates. Either of these agencies would be able to conduct CRA examinations separately from safety and soundness examinations.

In addition to changes in the agencies administering the law, certain improvements need to be made in the law itself. All institutions are currently graded on their CRA performance on an annual basis by their respective regulator. However, only aggregate regional summaries (and not individual bank grades are made public. As a result, the law does not offer community groups needed information when negotiating with an institution or when filing a challenge.

Even if the grades were made public, it is doubtful that they would be very beneficial. In spite of the racially discriminatory lending patterns revealed by the Atlanta research, in 1986 only nine out of 792 banks in ten Southern states received "less than satisfactory" grades. Of the 318 savings and loans in the same area, only four received a grade of "needs improvement". No institutions were graded "unsatisfactory" or "substantially inadequate" (Dedman, 1988, p. 15A). Future changes in the CRA should insure that only institutions with immaculate records receive a high grade. These top grade institutions should be allowed to expand their powers. Average or poor grade banks should be allowed to expand only if they make specific commitments to improve their record (Dedman, May 3, 1988, p. 14A).

Recent Congressional hearings did produce one positive change in the CRA. Beginning with 1988, all bank subsidiary mortgage companies must disclose the location of their mortgages. Much more needs to be done. Mortgage loan approval/denial rates by race of applicant, with reason for denial, should be made public. HMDA

statements should include all census tracts in an institution's service area, regardless of whether the institution was active in that tract. This would make HMDA data and census data more comparable. Without these changes, any long-term, broad-based solutions to these credit shortfall problems are highly unlikely.

Local Level

One of the best examples of action that can be taken at the local level involves the use of linked deposits. Linked deposits is the name given to the policy of using public deposits at below market interest rates to increase mortgage lending in low and moderate-income and minority neighborhoods. The cost of purchasing, renovating, and constructing housing has soared out of the reach of many families, while federal funding provided to housing has decreased. Linked deposits are used as a leveraging mechanism that can both lower interest rates and make additional funds available to construct, purchase, or rehabilitate single and multi-family dwellings (Revere and Swift, 1985, p. 1).

Chicago's East Humbolt Park neighborhood is an example of a success story in the use of linked deposits. The State of Illinois Treasurer's office, a local bank, and the community agreed to a special program. The State Treasurer deposited $1 million in the bank for two years at a rate of 1 percent below the prevailing market rate. In turn, the bank made mortgage loans to the community at a rate that was, on the average, approximately 3 percent below the prevailing market rate. The interest rate on the mortgage was guaranteed for ten years and amortized over 25 years. The bank used its normal underwriting criteria for these loans, with the understanding that the lower interest rates would make the loans affordable to the community. A 20 percent downpayment was initially required, but eventually was lessened to 10 percent. Private mortgage insurance was purchased by the bank; the borrower paid the 1/2% premium (Revere and Swift, 1985, p. 3).

Two community groups played a crucial role in the success of this program. A HUD-certified counseling agency located within the community screened all applicants and accompanied them to the bank for their application interview. The mission of this group was twofold. They were to discourage ineligible applicants from applying, thereby saving the bank staff time, and they were to discourage real estate agencies involved in speculation in the neighborhood from using the program to their own ends. Another result of this group's activities was it made the applicant feel more at ease during the interview at the bank. The second community group involved with the project was the umbrella organization that initiated the program. This group's role was to market the program to area residents (Revere and Swift, 1985, p. 7).

The first year of this program (1981-82) saw only 12 loans made, and only $250,000 dispersed. One of the main reasons for this was that very few residents could afford a 20 percent downpayment. After six months of negotiations the program was revived with only a 10 percent downpayment required. Within less than a year 23 additional loans were made and all funds were dispersed (Revere and Swift, 1985, p. 5).

Linked deposits are a way for local governments, as well as individuals or organizations that have idle funds, to achieve both financial and social objectives. A large financial commitment is necessary, especially if a program is initiated in a geographic area larger than a neighborhood. In the Chicago example, $1 million resulted in only 35 loans over a two year period (Revere and Swift, 1985). However, it is an option that should not be overlooked when assessing funding mechanisms designed to meet the housing needs of low and moderate income families.

Community Level

At the community level CRA activity involves negotiation and challenges. The past four years have shown a flurry of CRA challenges.

The main reason for this increase has been the advent of interstate banking laws. These laws have made it possible for banks and savings and loans to conduct business in other states. The result of this has been that these institutions are making more and more CRA challengeable moves, resulting in more challenges by communities.

One of the leaders in CRA challenges and subsequent agreements has been Florida. In the summer of 1985 several Florida Legal Service groups got together to file a challenge against Landmark Bank, who had applied for permission to merge with C & S bank of Atlanta. Legal Services, along with several community-based organizations began to investigate Landmark's compliance with the CRA. Branches were checked to make sure that CRA posters were in place. Public comment files and CRA statements were reviewed. HMDA statements for four years were analyzed to determine where Landmark's mortgage loans were being made. A credit needs study was made in local areas to determine community perceptions of Landmark's effort to meet their credit needs (Head, 1987, p. 4).

These actions resulted in the accumulation of information that cast serious doubt over Landmark's compliance with the CRA. As a result, a challenge was filed with the Federal Reserve, asking that the merger be denied. After receiving the challenge, the Federal Reserve delayed consideration of C & S' application, and instead, encouraged the bank to negotiate with the community groups to see if the issues could be resolved. After about four weeks of negotiation an agreement was reached. While no numerical dollar goal for lending was reached, C & S did agree to implement several initiatives designed to create support for housing and economic development activities. Among these initiatives was the creation of a community enterprise banking department that would work with entrepreneurs, community groups and enterprises that may have difficulty in acquiring traditional credit, and structure loan and financing packages to meet the credit needs of these groups. A charitable contributions policy acknowledging the importance of community-based groups working with housing and economic development and pledges to support these activities was

adopted. Subsequent agreements in Florida have netted an estimated $100 million in lending agreements between banks and low and moderate-income areas. Over $500,000 has been committed in charitable contributions to assist community-based organizations in their administration and technical assistance needs. Quarterly meetings between the bank and the community group allow for continued assessment of the bank's performance under the agreement (Head, 1987, p. 5).

North Carolina is another state which has seen an increase in CRA activity. Its statewide CRA Coordinating Committee has a broad-based membership that includes low-income workers and homeowners, senior citizens, minority business people, pastors, community activists and persons working in community economic development, tenants organizations, the NAACP, day care centers, and Legal Services programs. In April of 1987 the Committee reached an agreement with Wachovia Bank which, among other things, called for special emphasis and creative credit approaches for increasing the availability of low and moderate-income housing, applying flexible credit underwriting guidelines, and providing low cost basic banking services. Commitments were also made by the bank to provide support for community-based organizations through charitable contributions. The group monitors the banks progress through quarterly meetings (Head, 1987, p. 6).

San Antonio is an example of a city that has received positive results from CRA activities. The San Antonio Reinvestment Alliance (SARA) consists of 21 Black churches, various community development organizations, and Black businesses in the Chamber of Commerce. A recent SARA success was a $5 million lending commitment from the National Bank of Commerce. The credit package provided for interim construction loans for 1-4 unit dwellings, home improvement loans, and commercial loans for start-ups, acquisitions and expansions at 1 percent above prime. the bank is currently ahead of schedule in its target of lending $1 million per year (Head, 1987, p. 7).

These three CRA success stories all have certain aspects in common. Each community group had a broad base of support from the community. This gave the community group a bit of leverage, which is a critical part of any successful CRA challenge. For example, when negotiations broke down between the Indiana Reinvestment Alliance (IRA) and two local banks over the creation of a loan pool, an IRA negotiator revealed that he had authorization from four churches indicating that they would withdraw their money from the banks involved if loan pool was not funded. The bankers took a ten minute break and returned to announce that they would contribute to the pool. Negotiators must have this type of support to be effective (Head, 1987, p. 8).

In each case the bank was involved with an acquisition or merger. Delays due to a CRA challenge were very costly, prompting a quick settlement through negotiation. In addition, community-based housing groups were already established in the community. This gave the negotiators an established vehicle that they could encourage the banks to fund.

Several developments must occur before a community can realize the benefits of CRA activities. There must be broad-based support within the community. Challenges should be directed against institutions undergoing acquisitions in which delays would be very costly. The identification of existing and the encouragement of new community-based groups who would be the recipients of any loan agreements is also essential for any successful CRA initiatives.

## Conclusions

This research documents the presence of serious inequities in the Atlanta lending market. Areas that are at least 80 percent black receive fewer loans than areas that are only 0-20 percent black. Demand may explain, in part, why these inequities exist. However,

over and above demand, areal racial composition directly influences the flow of mortgage credit. The lack of credit in certain areas decreases the opportunity for a healthy and stable housing market. There is hope for ending this pattern. A series of articles in the Atlanta Journal/Constitution (May 1-4, 1988) based on this research resulted in local financial institutions committing $65 million in below market rate mortgages to low-moderate income and minority neighborhoods. In addition to the use of the media, federal, local, and community-based action can force regulated lenders into meeting their community's credit needs.

# APPENDIX

## AGGREGATE RESULTS

| CAT. | TRACT# | FHA/VA # | FHA/VA $ | CONV # | CONV $ | TOTAL # | TOTAL $ | M-IMPROV | M-IMPROV $ | MULTI # | MULTI $ | # OWNERS | AVG/HSE | AVG HI | %STCT | %STCT HI | AVG LOAN | AVG HI |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 86 | 1 | 10 | 13 | 741 | 78 | 3814 | 91 | 4555 | 76 | 980 | 0 | 0 | 13549 | $336.19 | $72.33 | .67% | .56% | $50,054.95 | $12,894.74 |
| 86 | 2 | 2 | 3 | 215 | 12 | 624 | 15 | 839 | 19 | 111 | 0 | 0 | 2770 | $302.89 | $40.07 | .54% | .69% | $55,933.33 | $5,842.11 |
| 86 | 3 | 2 | 0 | 0 | 25 | 2190 | 25 | 2190 | 37 | 749 | 0 | 0 | 3207 | $682.88 | $233.55 | .78% | 1.15% | $87,600.00 | $20,243.24 |
| 86 | 4 | 9 | 34 | 1966 | 266 | 16980 | 300 | 18946 | 59 | 748 | 3 | 571 | 10511 | $1,802.49 | $71.16 | 2.85% | .56% | $63,153.33 | $12,677.97 |
| 86 | 5 | 18 | 82 | 4961 | 860 | 61533 | 942 | 66494 | 119 | 1337 | 4 | 1057 | 23880 | $2,784.51 | $55.99 | 3.94% | .50% | $70,588.11 | $11,235.29 |
| 86 | 6 | 12 | 44 | 2842 | 760 | 60862 | 804 | 63704 | 75 | 934 | 1 | 52 | 16682 | $3,818.73 | $55.99 | 4.82% | .45% | $79,233.83 | $12,453.33 |
| 86 | 7 | 4 | 6 | 306 | 96 | 5080 | 102 | 5386 | 20 | 203 | 0 | 0 | 5588 | $963.85 | $36.33 | 1.83% | .36% | $52,803.92 | $10,150.00 |
| 86 | 8 | 4 | 22 | 1309 | 159 | 10468 | 181 | 11777 | 44 | 442 | 1 | 11 | 5637 | $2,089.23 | $78.41 | 3.21% | .78% | $65,066.30 | $10,045.45 |
| 86 | 9 | 3 | 23 | 1396 | 46 | 2429 | 69 | 3825 | 27 | 308 | 0 | 0 | 6577 | $581.57 | $46.83 | 1.05% | .41% | $55,434.78 | $11,407.41 |
| 86 | 10 | 55 | 14 | 737 | 215 | 11395 | 229 | 12132 | 156 | 1771 | 5 | 852 | 26705 | $454.30 | $66.32 | .86% | .58% | $52,978.17 | $11,352.56 |
| 86 | 11 | 10 | 8 | 488 | 180 | 12396 | 188 | 12884 | 9 | 104 | 1 | 232 | 3920 | $3,286.73 | $26.53 | 4.80% | .23% | $68,531.91 | $11,555.56 |
| 86 | 12 | 21 | 14 | 681 | 270 | 16907 | 284 | 17588 | 68 | 672 | 3 | 1794 | 10865 | $1,618.78 | $61.85 | 2.61% | .63% | $61,929.58 | $9,882.35 |
| 86 | 14 | 50 | 415 | 31886 | 10680 | 1020337 | 11095 | 1052223 | 710 | 15696 | 5 | 9072 | 108449 | $9,702.47 | $144.73 | 10.23% | .65% | $94,837.58 | $22,107.04 |
| 86 | 15 | 3 | 15 | 1037 | 221 | 18832 | 236 | 19869 | 40 | 504 | 0 | 0 | 6694 | $2,968.18 | $75.29 | 3.53% | .60% | $84,190.68 | $12,600.00 |
| 86 | 16 | 22 | 29 | 1917 | 422 | 35439 | 451 | 37356 | 37 | 951 | 6 | 1556 | 6209 | $6,016.43 | $153.16 | 7.26% | .60% | $82,829.27 | $25,702.70 |
| 86 | 17 | 68 | 844 | 58191 | 7843 | 564727 | 8687 | 622918 | 1205 | 16214 | 7 | 2528 | 118685 | $5,248.50 | $136.61 | 7.32% | 1.02% | $71,706.92 | $13,455.60 |
| 86 | 18 | 6 | 20 | 1019 | 233 | 18928 | 253 | 19947 | 38 | 505 | 1 | 400 | 7602 | $2,623.91 | $66.43 | 3.33% | .50% | $78,841.90 | $13,289.47 |
| 86 | 19 | 33 | 116 | 7561 | 2027 | 118568 | 2143 | 126129 | 536 | 7385 | 2 | 68 | 38726 | $3,256.96 | $190.70 | 5.53% | 1.38% | $58,856.28 | $13,777.99 |
| 85 | 1 | 10 | 10 | 574 | 78 | 4067 | 88 | 4641 | 110 | 860 | 0 | 0 | 13549 | $342.53 | $63.47 | .65% | .81% | $52,738.64 | $7,818.18 |
| 85 | 2 | 2 | 3 | 161 | 6 | 317 | 9 | 478 | 31 | 297 | 0 | 0 | 2770 | $172.56 | $107.22 | .32% | 1.12% | $53,111.11 | $9,580.65 |
| 85 | 3 | 2 | 2 | 140 | 19 | 1152 | 21 | 1292 | 34 | 357 | 0 | 0 | 3207 | $402.87 | $111.32 | .65% | 1.06% | $61,523.81 | $10,500.00 |
| 85 | 4 | 9 | 32 | 1650 | 222 | 13671 | 254 | 15321 | 82 | 743 | 2 | 167 | 10511 | $1,457.62 | $70.69 | 2.42% | .78% | $60,318.90 | $9,060.98 |
| 85 | 5 | 18 | 34 | 1967 | 611 | 44589 | 645 | 46556 | 170 | 1940 | 1 | 1000 | 23880 | $1,949.58 | $81.24 | 2.70% | .71% | $72,179.84 | $11,411.76 |
| 85 | 6 | 12 | 21 | 1298 | 539 | 41114 | 560 | 42412 | 129 | 1588 | 0 | 0 | 16682 | $2,542.38 | $95.19 | 3.36% | .77% | $75,735.71 | $12,310.08 |
| 85 | 7 | 4 | 13 | 608 | 68 | 3065 | 81 | 3673 | 27 | 200 | 0 | 0 | 5588 | $657.30 | $35.79 | 1.45% | .48% | $45,345.68 | $7,407.41 |
| 85 | 8 | 4 | 11 | 562 | 124 | 7304 | 135 | 7866 | 56 | 547 | 1 | 315 | 5637 | $1,395.42 | $97.04 | 2.39% | .99% | $58,266.67 | $9,767.86 |
| 85 | 9 | 3 | 14 | 978 | 61 | 2927 | 75 | 3905 | 43 | 324 | 0 | 0 | 6577 | $593.74 | $49.26 | 1.14% | .65% | $52,066.67 | $7,534.88 |
| 85 | 10 | 55 | 30 | 1419 | 256 | 12740 | 286 | 14159 | 172 | 1530 | 5 | 859 | 26705 | $530.20 | $57.29 | 1.07% | .64% | $49,506.99 | $8,895.35 |
| 85 | 11 | 10 | 4 | 231 | 94 | 5910 | 98 | 6141 | 28 | 461 | 1 | 280 | 3920 | $1,566.58 | $117.60 | 2.50% | .71% | $62,663.27 | $16,464.29 |
| 85 | 12 | 21 | 38 | 2194 | 190 | 10328 | 228 | 12522 | 81 | 757 | 0 | 0 | 10865 | $1,152.51 | $69.67 | 2.10% | .75% | $54,921.05 | $9,345.68 |
| 85 | 14 | 50 | 196 | 14639 | 6704 | 645241 | 6900 | 659880 | 726 | 12470 | 2 | 5007 | 108449 | $6,084.70 | $114.98 | 6.36% | .67% | $95,634.78 | $17,176.31 |
| 85 | 15 | 3 | 10 | 726 | 130 | 9992 | 140 | 10718 | 38 | 366 | 0 | 0 | 6694 | $1,601.14 | $54.68 | 2.09% | .57% | $76,557.14 | $9,631.58 |
| 85 | 16 | 22 | 10 | 666 | 314 | 24655 | 324 | 25321 | 60 | 1026 | 1 | 99 | 6209 | $4,078.11 | $165.24 | 5.22% | .97% | $78,151.23 | $17,100.00 |
| 85 | 17 | 68 | 372 | 23114 | 5213 | 351768 | 5585 | 374882 | 1167 | 13898 | 7 | 5368 | 118685 | $3,158.63 | $117.10 | 4.71% | .98% | $67,123.01 | $11,909.17 |
| 85 | 18 | 6 | 29 | 1494 | 139 | 9542 | 168 | 11036 | 41 | 519 | 1 | 5300 | 7602 | $1,451.72 | $68.27 | 2.21% | .54% | $65,690.48 | $12,658.54 |
| 85 | 19 | 33 | 26 | 1490 | 1259 | 61016 | 1285 | 62506 | 424 | 5109 | 1 | 200 | 38726 | $1,614.06 | $131.93 | 3.32% | 1.09% | $48,642.80 | $12,049.53 |
| 84 | 1 | 10 | 17 | 936 | 48 | 1952 | 65 | 2888 | 135 | 1039 | 0 | 0 | 13549 | $213.15 | $76.68 | .48% | 1.00% | $44,430.77 | $7,696.30 |
| 84 | 2 | 2 | 2 | 80 | 13 | 545 | 15 | 625 | 29 | 201 | 0 | 0 | 2770 | $225.63 | $72.56 | .54% | 1.05% | $41,666.67 | $6,931.03 |
| 84 | 3 | 2 | 0 | 0 | 19 | 1185 | 19 | 1185 | 40 | 243 | 0 | 0 | 3207 | $369.50 | $75.77 | .59% | 1.25% | $62,368.42 | $6,075.00 |
| 84 | 4 | 9 | 7 | 319 | 221 | 13125 | 228 | 13444 | 76 | 684 | 1 | 284 | 10511 | $1,279.04 | $65.07 | 2.17% | .72% | $58,964.91 | $9,000.00 |
| 84 | 5 | 18 | 14 | 807 | 473 | 31457 | 487 | 32264 | 187 | 2005 | 2 | 179 | 23880 | $1,351.09 | $83.96 | 2.04% | .78% | $66,250.51 | $10,721.93 |
| 84 | 6 | 12 | 14 | 929 | 490 | 34645 | 504 | 35574 | 134 | 1219 | 0 | 0 | 16682 | $2,132.48 | $73.07 | 3.02% | .80% | $70,583.33 | $9,097.01 |
| 84 | 7 | 4 | 5 | 237 | 49 | 2018 | 54 | 2255 | 44 | 278 | 0 | 0 | 5588 | $403.54 | $49.75 | .97% | .79% | $41,759.26 | $6,318.18 |
| 84 | 8 | 4 | 3 | 183 | 156 | 8291 | 159 | 8474 | 40 | 366 | 0 | 0 | 5637 | $1,503.28 | $64.93 | 2.82% | .71% | $53,295.60 | $9,150.00 |
| 84 | 9 | 3 | 10 | 525 | 72 | 4590 | 82 | 5115 | 67 | 546 | 1 | 124 | 6577 | $777.71 | $83.02 | 1.25% | 1.02% | $62,378.05 | $8,149.25 |
| 84 | 10 | 55 | 12 | 494 | 214 | 8918 | 226 | 9412 | 239 | 1846 | 2 | 916 | 26705 | $352.44 | $69.13 | .85% | .89% | $41,646.02 | $7,723.85 |
| 84 | 11 | 10 | 50 | 2973 | 179 | 11791 | 229 | 14764 | 39 | 415 | 0 | 0 | 3920 | $3,766.33 | $105.87 | 5.84% | .99% | $64,471.62 | $10,641.03 |
| 84 | 12 | 21 | 11 | 517 | 247 | 12943 | 258 | 13460 | 105 | 817 | 2 | 285 | 10865 | $1,238.84 | $75.20 | 2.37% | .97% | $52,170.54 | $7,780.95 |
| 84 | 14 | 50 | 64 | 4298 | 5401 | 469775 | 5465 | 474073 | 926 | 14016 | 6 | 684 | 108449 | $4,371.39 | $129.24 | 5.04% | .85% | $86,747.12 | $15,136.07 |
| 84 | 15 | 3 | 15 | 933 | 102 | 7502 | 117 | 5777 | 707 | 457 | 118 | 0 | 7494 | $770.88 | $60.98 | 1.56% | 9.43% | $49,376.07 | $646.39 |
| 84 | 16 | 22 | 2 | 128 | 370 | 28037 | 372 | 28165 | 61 | 695 | 3 | 350 | 6209 | $4,536.16 | $111.93 | 5.99% | .98% | $75,712.37 | $11,393.44 |

| CAT. | TRACT# | FHA/VA # | FHA/VA $ | CONV # | CONV $ | TOTAL # | TOTAL $ | H-IMPROV | H-IMPROV $ | MULTI # | MULTI $ | # OWNERS | AVG/HSE | AVG HI | %STCT | %STCT HI | AVG LOAN | AVG HI |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 84 | 17 | 68 | 184 | 10194 | 4582 | 284032 | 4766 | 294226 | 1324 | 13395 | 52 | 4758 | 118685 | $2,479.05 | $112.86 | 4.02% | 1.12% | $61,734.37 | $10,117.07 |
| 84 | 18 | 6 | 4 | 179 | 165 | 11449 | 169 | 11628 | 55 | 562 | 1 | 670 | 7602 | $1,529.60 | $73.93 | 2.22% | .72% | $68,804.73 | $10,218.18 |
| 84 | 19 | 33 | 8 | 421 | 1106 | 48266 | 1114 | 48687 | 311 | 2710 | 1 | 53 | 38726 | $1,257.22 | $69.98 | 2.88% | .80% | $43,704.67 | $8,713.83 |
| 83 | 1 | 10 | 18 | 942 | 42 | 1405 | 60 | 2347 | 136 | 1357 | 1 | 1300 | 13549 | $173.22 | $100.15 | .44% | 1.00% | $39,116.7 | $9,977.9 |
| 83 | 2 | 2 | 2 | 88 | 9 | 296 | 11 | 384 | 38 | 376 | 0 | 0 | 2770 | $138.63 | $135.74 | .40% | 1.37% | $34,909.1 | $9,894.7 |
| 83 | 3 | 2 | 1 | 43 | 10 | 255 | 11 | 298 | 57 | 832 | 0 | 0 | 3207 | $92.92 | $259.43 | .34% | 1.78% | $27,090.9 | $14,596.5 |
| 83 | 4 | 9 | 12 | 499 | 239 | 13068 | 251 | 13567 | 118 | 1600 | 2 | 1276 | 10511 | $1,290.74 | $152.22 | 2.39% | 1.12% | $54,051.8 | $13,559.3 |
| 83 | 5 | 18 | 58 | 3289 | 572 | 33662 | 630 | 36951 | 227 | 2854 | 5 | 1428 | 23880 | $1,547.36 | $119.51 | 2.64% | .95% | $58,652.4 | $12,572.7 |
| 83 | 6 | 12 | 22 | 1536 | 357 | 23259 | 379 | 24795 | 201 | 3384 | 1 | 600 | 16682 | $1,486.33 | $202.85 | 2.27% | 1.20% | $65,422.2 | $16,835.8 |
| 83 | 7 | 4 | 10 | 384 | 47 | 1806 | 57 | 2190 | 47 | 428 | 0 | 0 | 5588 | $391.91 | $76.59 | 1.02% | .84% | $38,421.1 | $9,106.4 |
| 83 | 8 | 4 | 9 | 468 | 79 | 3784 | 88 | 4252 | 66 | 770 | 0 | 0 | 5637 | $754.30 | $136.60 | 1.56% | 1.17% | $48,318.2 | $11,666.7 |
| 83 | 9 | 3 | 18 | 940 | 34 | 1504 | 52 | 2444 | 77 | 934 | 0 | 0 | 6577 | $371.60 | $142.01 | .79% | 1.17% | $47,000.0 | $12,129.9 |
| 83 | 10 | 55 | 9 | 318 | 388 | 8139 | 397 | 8457 | 301 | 2815 | 1 | 39 | 26705 | $316.68 | $105.41 | 1.49% | 1.13% | $21,302.3 | $9,332.2 |
| 83 | 11 | 10 | 12 | 663 | 86 | 4466 | 98 | 5129 | 45 | 868 | 0 | 0 | 3920 | $1,308.42 | $221.43 | 2.50% | 1.15% | $52,336.7 | $19,288.9 |
| 83 | 12 | 21 | 6 | 191 | 134 | 5694 | 140 | 5885 | 101 | 1175 | 2 | 600 | 10865 | $541.65 | $108.15 | 1.29% | .93% | $42,033.7 | $11,633.7 |
| 83 | 14 | 50 | 340 | 24879 | 4230 | 335409 | 4570 | 360288 | 1586 | 33216 | 3 | 110 | 108449 | $3,322.19 | $306.28 | 4.21% | 1.46% | $78,837.6 | $20,943.3 |
| 83 | 15 | 3 | 42 | 2595 | 65 | 4385 | 107 | 6980 | 86 | 1168 | 0 | 0 | 6694 | $1,042.72 | $174.48 | 1.60% | 1.28% | $65,233.6 | $13,581.4 |
| 83 | 16 | 22 | 3 | 144 | 303 | 23603 | 306 | 23747 | 82 | 1212 | 0 | 0 | 6209 | $3,824.61 | $195.20 | 4.93% | 1.32% | $77,604.6 | $14,780.5 |
| 83 | 17 | 68 | 532 | 30259 | 3249 | 174917 | 3781 | 205176 | 1659 | 23624 | 3 | 1049 | 118685 | $1,728.74 | $199.05 | 3.19% | 1.40% | $54,265.0 | $14,239.9 |
| 83 | 18 | 6 | 9 | 624 | 189 | 13065 | 198 | 13689 | 91 | 1213 | 0 | 0 | 7602 | $1,800.71 | $159.56 | 2.60% | 1.20% | $69,136.4 | $13,329.7 |
| 83 | 19 | 33 | 64 | 3363 | 1206 | 47321 | 1270 | 50684 | 506 | 5651 | 1 | 46 | 38726 | $1,308.78 | $145.92 | 3.28% | 1.31% | $39,908.7 | $11,168.0 |
| 82 | 1 | 10 | 7 | 279 | 66 | 2181 | 73 | 2460 | 139 | 1110 | 1 | 18 | 13549 | $181.56 | $81.92 | .54% | 1.03% | $33,698.63 | $7,985.61 |
| 82 | 2 | 2 | 1 | 29 | 8 | 320 | 9 | 349 | 34 | 221 | 0 | 0 | 2770 | $125.99 | $79.78 | .32% | 1.23% | $38,777.78 | $6,500.00 |
| 82 | 3 | 2 | 0 | 0 | 23 | 535 | 23 | 535 | 37 | 380 | 0 | 0 | 3207 | $166.82 | $118.49 | .72% | 1.15% | $23,260.87 | $10,270.27 |
| 82 | 4 | 9 | 11 | 439 | 147 | 6795 | 158 | 7234 | 134 | 1055 | 0 | 0 | 10511 | $688.23 | $100.37 | 1.50% | 1.27% | $45,784.81 | $7,873.13 |
| 82 | 5 | 18 | 25 | 1403 | 221 | 11177 | 246 | 12580 | 261 | 2816 | 0 | 0 | 23880 | $526.80 | $117.92 | 1.03% | 1.09% | $51,138.21 | $10,789.27 |
| 82 | 6 | 12 | 11 | 551 | 194 | 8772 | 205 | 9323 | 190 | 2236 | 1 | 1367 | 16682 | $358.87 | $134.04 | 1.23% | 1.14% | $45,478.05 | $11,768.42 |
| 82 | 7 | 4 | 4 | 157 | 26 | 806 | 30 | 964 | 48 | 263 | 1 | 1300 | 5588 | $172.51 | $47.07 | .54% | .86% | $32,133.33 | $5,479.17 |
| 82 | 8 | 4 | 5 | 245 | 75 | 3783 | 80 | 4028 | 82 | 586 | 0 | 0 | 5637 | $714.56 | $103.96 | 1.42% | 1.45% | $50,350.00 | $7,146.34 |
| 82 | 9 | 3 | 12 | 510 | 22 | 583 | 34 | 1093 | 76 | 525 | 0 | 0 | 6577 | $166.19 | $79.82 | .52% | 1.16% | $32,147.06 | $6,907.89 |
| 82 | 10 | 55 | 10 | 248 | 175 | 4788 | 185 | 5036 | 253 | 1791 | 5 | 2096 | 26705 | $188.58 | $67.07 | .69% | .95% | $27,221.62 | $7,079.05 |
| 82 | 11 | 10 | 0 | 0 | 52 | 2191 | 52 | 2191 | 51 | 514 | 1 | 38 | 3920 | $558.93 | $131.12 | 1.33% | 1.30% | $42,134.62 | $10,078.43 |
| 82 | 12 | 21 | 3 | 107 | 67 | 2450 | 70 | 2554 | 100 | 1033 | 1 | 300 | 10865 | $235.07 | $95.08 | .64% | .92% | $36,485.71 | $10,330.00 |
| 82 | 14 | 50 | 218 | 13567 | 2531 | 188322 | 2749 | 201899 | 1497 | 23902 | 21 | 3971 | 108449 | $1,861.70 | $220.40 | 2.53% | 1.38% | $73,444.53 | $15,966.60 |
| 82 | 15 | 3 | 3 | 189 | 40 | 2236 | 43 | 2425 | 70 | 686 | 0 | 0 | 6694 | $362.26 | $102.48 | .64% | 1.05% | $56,395.35 | $9,800.00 |
| 82 | 16 | 22 | 4 | 226 | 271 | 15825 | 275 | 16051 | 88 | 1159 | 0 | 0 | 6209 | $2,585.12 | $186.66 | 4.43% | 1.42% | $58,367.27 | $13,170.45 |
| 82 | 17 | 68 | 404 | 21144 | 1944 | 95047 | 2348 | 116161 | 1416 | 13375 | 8 | 1835 | 118685 | $978.73 | $112.69 | 1.98% | 1.19% | $49,472.32 | $9,445.62 |
| 82 | 18 | 6 | 4 | 152 | 106 | 6529 | 110 | 6881 | 89 | 821 | 0 | 0 | 7602 | $905.16 | $108.00 | 1.45% | 1.17% | $62,554.55 | $9,224.72 |
| 82 | 19 | 33 | 4 | 123 | 287 | 8744 | 291 | 8867 | 433 | 3370 | 0 | 0 | 38726 | $228.97 | $87.02 | .75% | 1.12% | $30,470.79 | $7,782.91 |

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